State of Washington
Decision Package

FINAL

Agency: 303 Department of Health

Decision Package Code/Title: 7C AIDS Prescr Drug Prog Caseload Inc

Budget Period: 2001-03

Budget Level: PL - Performance Level

Recommendation Summary Text:

This package requests General Fund-State support for AIDS Prescription Drug Program (APDP) projected caseload increases and increased client care costs. The APDP program pays for prescription medications, medical care, and other services to improve the health and independence of persons with HIV infection. The APDP enrollment caseload is expected to increase from 1,825 to 2,660 by the end of the 01-03 Biennium.

Fiscal Detail

Operating Expenditures		FY 2002	FY 2003	Total
001-1	General Fund - Basic Account-State	308,000	1,577,000	1,885,000
	Total Cost	**308,000**	**1,577,000**	**1,885,000**

Package Description:

Since 1996, new treatments have significantly improved the health of many persons with HIV in Washington. APDP, part of the Department's "HIV Early Intervention" services, helps low and moderate income persons with HIV infection gain steady access to prescription medications, medical monitoring, and dental care necessary to improve their health. The program also assists HIV positive persons to secure more comprehensive health coverage by paying insurance premiums, deductibles, and copayments, and also by assisting clients to enroll in Medicaid and the high risk insurance pool. In May 2000, the program enrollment was 1,825.

The program expects expenses to grow approximately 13% per year through the 01-03 biennium. This growth is driven in part by caseload and in part by an increase in utilization by enrolled clients as treatments become increasingly effective. Given the anticipated 22% growth in caseload, growth in expenses would be more dramatic if not offset by continued efforts to assist clients to secure other funding for their care and by efforts to assure pharmaceuticals are purchased at the lowest price possible.

Between 1996 and 1999, the program received an infusion of over $6 million GF-S dollars to support nearly half of program costs. During these years of rapid scientific breakthroughs, federal funds did not grow quickly enough to meet the demand for services. During the 99-01 biennium, DOH returned approximately $4 million in GF-S in response to federal increases. Consistent with past approaches, the Department's request for the 01-03 biennium is based on caseload growth and stabilizing the swings in federal funding.

Impact on public health: Providing HIV treatment to persons who otherwise could not pay the high cost is in the

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public interest as part of the state's efforts to prevent the further spread of the disease and reduce the consequences of illness and disability. APDP is therefore a public health program as well as a medical payment program:

· APDP provides incentive for high risk persons to learn their HIV status and, if they are positive, receive treatments to improve their health.
· APDP helps reduces the development of resistant viral strains by helping HIV-positive persons have uninterrupted access to medications.
· APDP plays a role in reducing the transmission of HIV to uninfected persons by reducing the viral load in HIV positive persons and by supporting behavioral changes to reduce risk.

Impact on persons with HIV: At some point in the course of their disease, over half of the persons ever diagnosed with HIV in Washington State have received assistance from the Department of Health. During the 01-03 biennium, APDP will serve over 3,000 individuals. For the majority of persons, the department's services are transitional prior to a client's eligibility for Medicaid or are "wraparound" to pay the portion of a client's care costs not covered by insurance.

A recent evaluation project confirmed that a majority of infected persons enrolled in APDP are receiving therapy that reflects the national treatment guidelines. When compared with the estimate that fewer than 30% of adults receive guideline-based management of high cholesterol, these data suggest that APDP is very effective at improving access to quality care in Washington State.

The evaluation also reviewed clinical measures of client health. Between 1996 and 1998, in response to the HIV treatments available through APDP, clients experienced a notable improvement in the strength of their immune systems (evidenced by a 30% increase in median "CD4" blood cell counts). During the same period, APDP clients experienced a significant reduction in the amount of the HIV virus circulating in their blood (evidenced by a 90% drop in median viral load). Consistent with national studies, these data suggest that APDP may impart substantial long-term medical cost savings and disease control benefit in addition to enhancing personal health status. In addition, these clinical outcomes could have an impact on disease transmission given increasing evidence that lower HIV viral load levels correlate with reduced disease transmission.

Linkages with other state agencies: DOH will continue to link with other state agencies to assure persons with HIV are served in a coordinated way across systems. For example, substance users who are HIV positive now receive coordinated HIV treatment and substance use treatment through an interagency agreement with the DSHS Division of Alcohol and Substance Abuse. This agreement is supported by DOH with federal funds. Offenders with HIV are now less likely to face treatment interruptions when entering or leaving prison as a result of a new interagency agreement between DOH and the Department of Corrections. These agreements, and similar collaborations with the DSHS Division of Mental Health, the DSHS Medical Assistance Administration, and the University of Washington, assure various state agencies work together to serve the public's health.

Community and clinical input: A 20-member committee guides the Department in establishing the Early Intervention Program eligibility policies and service coverage. The committee includes seven clinical/scientific representatives, eight HIV-positive community members, and several other representatives from local and state service agencies. In addition, the Department works closely with the Governor's Advisory Council on HIV/AIDS and the regional AIDSNET council to coordinate APDP with other programs.

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Narrative Justification and Impact Statement

How contributes to strategic plan:
PERSPECTIVE:
1.O VALUE AND BENEFIT:WHAT PUBLIC BENEFITS WE CREATE:

GOALS:
1.2 Goal: Improve health outcomes for the people of Washington State by selecting and achieving agency-wide performance measures and targets.

INITIATIVES:
1.2.3 Develop and implement specific plans for addressing these key factors and achieving the performance targets.

Performance Measure Detail

Goal: 202 Improve Health Outcomes

	Incremental Changes FY 2002	FY 2003
Outcome Measures		
02J Prescription coverage for HIV/AIDS clients	72%	72%

Reason for change:

APDP is a caseload-driven program. The number of eligible HIV-positive persons in Washington State continues to grow each year, and APDP's enrollment grows accordingly. Although the number of new infections each year is estimated to have stabilized in Washington State, the number of deaths each year has dropped dramatically thanks to the new treatments.

Caseload also increases as HIV-positive persons delay or avoid the onset of disability. Before the new treatments were available, most persons seeking care for HIV infection became disabled within two to four years and were therefore eligible for Medicaid services. Thanks to the new treatments, APDP's enrollment has grown as a smaller percentage of clients leave APDP to transfer to Medicaid's SSI-disabled coverage program. While APDP's enrollment has quadrupled since 1996 (from 450 to 1,825), Medicaid's HIV-positive enrollment has remained constant (between 1,800 and 2,000 individuals). We expect the success of new treatments may also result in some disabled persons losing their SSI disability status. These clients may shift from Medicaid back to APDP.

The per-client cost of care is expected to increase for clients who do not have other primary coverage. This change, based on historical trends, will result from ongoing updates to the U.S. Public Health Services guidelines for HIV antiretroviral therapy. The guidelines address when therapy should be initiated and what combinations of drugs are most effective.

Impact on clients and services:

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This proposal assumes the program continues to provide Public Health Service-recommended services and assumes no change
in client eligibility criteria. APDP will continue to update its drug formulary and scope of medical services in response to evolving federal treatment guidelines and clinical care standards. Newly approved FDA treatments for HIV care are reviewed by our clinical advisory committee for addition to the formulary, contingent upon the availability of funds.

If federal funding continues to be available for this purpose, APDP will continue to assure access to HIV care for offenders when they are released from jail or prison through an innovative linkage with the Department of Corrections. In addition, APDP will continue to assure access to HIV care for persons in substance use treatment programs in partnership with the Division of Alcohol and Substance Abuse. These programs are examples of recent linkages between DOH and other state agencies that help persons in need access care, help assure that patients benefit from treatments, and help reduce the risk of persons with HIV infecting others.

Impact on other state programs:

None

Relationship to capital budget:

The proposal has no impact on the capital budget.

Required changes to existing RCW, WAC, contract, or plan:

The proposal does not require changes to RCW, WAC, or contracts.

Alternatives explored by agency:

The Department of Health joins other state purchasers (including Medical Assistance Administration and Health Care Authority) in exploring different strategies for purchasing and dispensing pharmaceuticals. APDP's contracted drug ingredient costs are comparable to or less than other agencies. As a public health program, APDP has a greater emphasis on evaluation, outreach, confidentiality, and ease of access than some other public programs for low-income persons.

Cost-saving strategies: The Department of Health has implemented a variety of cost-containment strategies to assure public resources are managed effectively.

· APDP purchases drugs at a discounted price (1.5% below Medicaid's price).
· APDP secures rebates on drug purchases.
· APDP assists clients to purchase high risk pool and private insurance. We save money when we pay insurance premiums, deductibles, and copayments instead of full drug and medical costs.
· We assist clients to access full Medicaid coverage by paying MAA's deductible (spenddown).
· Using a Medicaid computer hookup, we assure clients who become eligible for full Medicaid coverage are transitioned smoothly and expeditiously.

Budget impacts in future biennia:

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State requests in future biennia will continue to be driven by four factors: caseload growth, treatment breakthroughs, the availability of federal funding, and the extent to which persons with HIV can access care from other public and private resources (for example, Medicaid, private insurance, and the high risk insurance pool). For planning purposes, we assume expenses will continue to grow at approximately 13% per year. The extent to which this growth is offset by increases in federal funding is not known.

Distinction between one-time and ongoing costs:

The program is ongoing. The funding gap varies each year depending on the extent to which federal funds keep up with caseload growth.

Effects of non-funding:

Client care: Lower income persons infected with HIV would not have access to treatments prior to disability without APDP. The program implemented a performance-level reduction in the 99-01 biennium. The reduction further limited dental care to a core set of preventive services. Additional reductions would mean restricting access to life-saving services.

Public health trust: In 1999, the Department of Health and local health partners implemented a new system to monitor and track the spread of HIV infection in Washington. APDP provides the vital link to immediate care for persons who test positive and are identified through the new surveillance system. The implementation of HIV surveillance will be more successful if APDP continues to be available to persons who test positive. High risk persons may be less likely to learn their status if care were not available.

Expenditure Calculations and Assumptions:

APDP does not generate revenue. Per federal guidance, pharmaceutical manufacturer rebates contribute to program savings by offsetting drug expenses. This proposal assumes rebate receipts will continue at the same percentage (approximately 10-11% of overall drug expenses) during the 01-03 biennium.

Expenditures

The Department calculates increases for this program by forecasting the difference between the overall projected expenditures for the biennium and the amount of federal, state, local, and rebate money assumed to be available.

The increase will support services to clients. No additional state funds are requested for administration. The Department's forecast is based on the assumptions described in the attachments:

Attachment A: Enrollment projections
Attachment B: Proportion of clients who submit bills
Attachment C: Drugs (AIDS Prescription Drug Program)
Attachment D: Insurance premiums
Attachment E: Medicaid Spenddown
Attachment F: Medical visits
Attachment G: Laboratory services
Attachment H: Dental services

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Attachment I: Fiscal detail of Early Intervention Service Expenses
Attachment J: Program need for additional GF-S funding

The Department calculated the General Fund request by following these steps:

Step 1: Estimating enrollment

We forecasted continued enrollment growth using a straight-line trend analysis. See Attachment A.

Step 2: Estimating drug expenses

Drug expenses represent approximately 67 percent of the program's service expenses.

First we forecasted how many enrolled clients will bill the program for drugs each month. This is a key driver of APDP's costs. We estimated a smaller percentage of clients will submit bills in the future as more clients secure insurance as their primary payer. See Attachment B.

Then we forecasted that the monthly drug cost per client would increase as the standard-of-care HIV therapy is more expensive to provide in the future. We forecasted how drug costs will change for different types of clients:

· For clients with no other coverage, we estimated drug costs will increase approximately nine percent per year based on analysis of recent trends.

· For clients with insurance, we estimated only very slight changes in monthly costs.

Because of the reopening of the high risk insurance pool (WSHIP), we forecasted that more clients will have insurance to cover some of their drug costs and fewer clients will rely on DOH as their sole source of support. Therefore, clients with the fastest growing costs will represent a smaller proportion of clients.

Step 3: Estimating costs to help clients secure other coverage

We forecasted how much APDP will pay to help clients access WSHIP and other insurance and how much APDP will pay to help clients access comprehensive Medicaid coverage. These expenses account for approximately 25 percent of the program's service expenses. See Attachments D and E.

Step 4: Estimating HIV-related health care costs for clients who do not have other coverage

For clients who do not have other coverage, APDP pays for HIV-related medical visits, laboratory tests, and dental services. These expenses account for approximately eight percent of the program's service expenses. We forecasted that medical and dental costs per client would remain stable and that laboratory costs would increase in response to changes in the standard of care. See Attachments F, G, and H.

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Step 5: Estimating General Fund need and other available funding

We totaled our projected service costs for each month of the 2001-2003 biennium. See Attachment I.

We forecasted how much funding would be available during the biennium from existing federal, state, local, and rebate sources. The difference between our projected need and existing funding is the basis of this General Fund request. See Attachment J. Note that we forecasted no increase in administrative costs (primarily covered by federal dollars).

Object Detail		FY 2002	FY 2003	Total
E	Goods And Services	4,000	22,000	26,000
N	Grants, Benefits & Client Services	304,000	1,555,000	1,859,000
Total Objects		**308,000**	**1,577,000**	**1,885,000**